



*Agro Dutch
Foods Limited*

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8th Annual Report 1999 - 2000

BOARD OF DIRECTORS**Ad Agro Dutch Foods Limited**

Mr. Malvinder Singh, Chairman & Managing Director
 Mr. Kartar Singh
 Mr. Mehul Shah
 Mr. C. Parthasarathy
 Dr. H.S. Garcha
 Mr. I.J. Laul
 Mr. A.M. Manaktala
 Mr. Dilsher Bhinder
 Mr. G.S. Bhinder, Executive Director

Company Secretary :

Mr. Balwinder S. Kalsi

Auditors :

M/s. R. Paul & Associates,
 Chartered Accountants,
 C - 2038, Ranjit Avenue,
 Amritsar

Bankers :

Union Bank of India
 State Bank of India
 ICICI Bank Ltd.

Registered Office :

S.C.O. 441 - 442,
 Sector 35 - C,
 Chandigarh - 160 022

Works :

Village Tofapur
 (Near Lalru),
 Teh. Rajpura,
 Distt. Patiala (Punjab)

Registrars & Share Transfer Agent :

Karvy Consultants Ltd.
 Karvy House, 46, Avenue 4,
 Street No. 1, Banjara Hills,
 Hyderabad - 500 034

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NOTICE

Notice is hereby given that the Eighth Annual General Meeting of Agro Dutch Foods Limited will be held on Monday, the 4th day of September, 2000 at 11:00 A.M. at Tagore Theatre, Sector 18-B, Chandigarh to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statements of Accounts for the year ended on 31st March, 2000 together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. H.S. Garcha, who retires by rotation and being eligible, offers himself for reappointment.
3. To declare a dividend.
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-
 "RESOLVED THAT M/s. R. Paul & Associates, Chartered Accountants, Amritsar be and are hereby reappointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that the Managing Director be and is hereby authorised to fix their remuneration for the said period".

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-
 "RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Kartar Singh be and is hereby appointed as Director of the Company, liable to retire by rotation".
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-
 "RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Mehul Shah be and is hereby appointed as Director of the Company, liable to retire by rotation".
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-
 "RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. C. Parthasarathy be and is hereby appointed as Director of the Company, liable to retire by rotation".
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-
 "RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Dilsher Bhinder be and is hereby appointed as Director of the Company, liable to retire by rotation".

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as a Special Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended as follows :-

- a) The definition of 'member' be inserted in Article 2 of the Articles of Association of the Company after the definition of "These Presents" or "Regulations" :-
 Member in respect of dematerialized shares means the beneficial owner thereof, i.e. the person whose name is recorded as a beneficial owner in the Register maintained by a Depository under the Depositories Act, 1996 and in respect of other shares the person or persons whose name is duly registered as holder of a share in the Company from time to time and includes the subscribers to the Memorandum of Association.
- b) The following heading and Article be inserted as Article 66 A after Article 66 of the Articles of Association of the Company :-

DEMATERIALIZATION OF SECURITIES DEFINITIONS

66A(1) For the purpose of this Article :-

'Beneficial owner' means a person or persons whose name is recorded in the Register maintained by a Depository under the Depositories Act, 1996.

'SEBI' means the Securities and Exchange Board of India.

'Depository' means a Company formed and registered under the Act and which has been granted a certificate of registration by SEBI under the Securities and Exchange Board of India Act, 1992.

'Security' means such security as may be specified by SEBI from time to time.

DEMATERIALIZATION OF SECURITIES

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the provisions of the Depositories Act, 1996 or otherwise.

ISSUE OF SECURITIES AND OPTION FOR INVESTORS

- (3) Notwithstanding anything contained in these Articles, every issue of security by the Company shall be in the dematerialized form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to dematerialize the shares subsequent to the allotment or dematerialization, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines. The shares so dematerialized shall bear new distinguishing numbers so as to identify them from the shares not dematerialized.

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SECURITIES IN DEPOSITORY MODE TO BE IN FUNGIBLE FORM

- (4) All securities held in the depository mode with a depository shall be dematerialized and be in fungible form. To such securities held by a depository on behalf of a beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply.

RIGHT OF DEPOSITORIES AND BENEFICIAL OWNER

- (5) a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it.
- c) Every person holding securities of the Company and whose name is entered as the beneficial owner to the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he or she is the beneficial owner.

SERVICE OF DOCUMENTS

- (6) Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a depository mode, the records of the beneficial owner may be served by a depository on the Company by means of electronic mode or by delivery of floppies or discs.

TRANSFER OF SECURITIES

- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act by a depository as beneficial owner.

DISTINCTIVE NUMBERS OF SECURITIES HELD IN THE DEPOSITORY MODE

- (8) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

REGISTER AND INDEX OF BENEFICIAL OWNER

- (9) The Register and Index of beneficial owner maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of members and holders of securities for the purposes of these Articles and the Act.

- c) Article 135(1)
by substituting words "maximum sum of Rs. 5,000/- (Rupees five thousand only)" instead of words "the sum of Rs. 1,000/- (Rupees one thousand only)".

10. To consider and, if thought fit, to pass with or

without modification(s), the following resolution, as an Ordinary Resolution :-

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of following namely :-

- i) Industrial Development Bank of India (IDBI)
- ii) ICICI Bank Limited and
- iii) ICICI Limited (ICICI)

to secure :-

- a) i) Foreign Currency Loan of US\$ 2.292 million equivalent to Rs. 1000 lacs (Rupees one thousand lacs only),
- ii) Long Term Foreign Currency Loan not exceeding Rs. 500 lacs (Rupees five hundred lacs only) and
- iii) Rupee Term Loan not exceeding Rs. 300 lacs (Rupees three hundred lacs only),

lent and advanced/agreed to be lent and advanced by IDBI, ICICI Bank Limited and ICICI to the Company,

- b) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to the IDBI, ICICI Bank Limited and ICICI under the respective Loan Agreement/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said term loans.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI/ICICI Bank Limited/ICICI the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution".

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1) (a) of the Companies Act, 1956, to the Board of Directors of the Company for mortgaging/ charging in favour of Union Bank of India (UBI), State Bank of India (SBI) and ICICI Bank Limited all the immovable properties of the Company, both present and future, and the whole or substantially the whole of the undertaking of the Company or such of them as may be agreed to between the Board and UBI/SBI/ICICI Bank Limited by way of pari passu second charge in favour of UBI, SBI and ICICI Bank Limited for



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securing working capital limits of Rs.1375 Lacs, Rs. 2000 Lacs and Rs.1375 Lacs respectively (both fund based and non fund based) together with interest, costs and other charges and expenses payable by the Company to UBI/SBI/ICICI Bank Limited in terms of the Loan Agreement entered or to be entered into between the Company and UBI/SBI/ICICI Bank Limited.

RESOLVED FURTHER THAT the aforesaid charges created/to be created by the Company in favour of the said Banks shall rank subsequent to the first/ prior charge created/to be created in favour of Industrial Development Bank of India (IDBI), ICICI Limited (ICICI), Union Bank of India (UBI) and ICICI Bank Limited for their Term Loans granted/to be granted to the Company.

RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all arrangements/ documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1) (d) of the Companies Act, 1956 to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided however, the total amount so borrowed shall not exceed Rs.100 crores (Rupees one hundred crores only)."

13. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-

"RESOLVED THAT subject to the provisions of Sections 198, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the members of the Company be and is hereby accorded to the revision in the terms and conditions for payment of remuneration to Mr. Malvinder Singh as Chairman and Managing Director, as set out in Explanatory Statement annexed hereto, with effect from 1st July, 2000 till the remaining period of his current tenure."

14. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution :-

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the members of the Company

be and is hereby accorded to the appointment of Mr. G.S. Bhinder as Executive Director w.e.f. 1st July, 2000 for a period of five years on the terms and conditions of payment of remuneration as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting."

By Order of the Board

Place : Chandigarh
Dated : 24th July, 2000

(Balwinder S. Kalsi)
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND ON A POLL TO VOTE INSTEAD OF HIMSELF, SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
2. According to the circular dated 29th May, 2000, the Securities and Exchange Board of India has notified that trading in the equity shares of Company would be compulsorily in dematerialized form by all class of investors w.e.f. 28th August, 2000. The Company's equity shares are available for dematerialisation with NSDL and CDSL.
3. The Register of Members and Share Transfer Books of the Company will remain closed for four days from 1st September, 2000 to 4th September, 2000 (both days inclusive).
4. Members desirous of seeking any further information or clarification in respect of accounts and operations of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach atleast 7 days before the date of the meeting so that the required information can be made available at the meeting.
5. Members are requested to bring with them the attendance slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
6. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 5 to 14 set out above is annexed hereto.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NOS. 5, 6, 7 & 8

The Board of Directors in their meetings held during the year appointed Mr. Kartar Singh, Mr. Mehul Shah, Mr. C. Parthasarathy and Mr. Dilsher Bhinder as Additional Directors on the Board. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company, they hold office upto the date of the forthcoming Annual General Meeting.

In view of rich, vast and varied experiences of Mr. Kartar Singh, Mr. Mehul Shah, Mr. C. Parthasarathy and Mr.

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Dilsher Bhinder, the Directors feel that their inclusion on the Board of Directors will be of invaluable assistance to the Company. The Company has received in writing special notices under Section 257 of the Companies Act, 1956 together with the requisite deposit from the members of the Company, proposing their appointment as Directors of the Company. The members are, therefore, requested to pass the resolutions as proposed.

Mr. Kartar Singh, himself, Mr. Malvinder Singh, Chairman and Managing Director, Mr. G.S. Bhinder, Executive Director and Mr. Dilsher Bhinder, Director, being relatives, may be deemed to be interested or concerned in the resolution at Item no. 5. None of the other Directors is interested in the resolution.

Mr. Mehul Shah, himself may be deemed to be interested or concerned in the resolution at Item no. 6. None of the other Directors is interested in the resolution.

Mr. C. Parthasarathy, himself may be deemed to be interested or concerned in the resolution at Item no. 7. None of the other Directors is interested in the resolution.

Mr. Dilsher Bhinder, himself, Mr. Malvinder Singh, Chairman and Managing Director, Mr. G.S. Bhinder, Executive Director and Mr. Kartar Singh, Director, being relatives, may be deemed to be interested or concerned in the resolution at Item no. 8. None of the other Directors is interested in the resolution.

ITEM NO. 9

The Securities and Exchange Board of India has notified that trading in the equity shares of the Company would be compulsorily in dematerialized form by all class of investors w.e.f. 28th August, 2000.

As the shares of the Company would be traded in dematerialized form w.e.f. 28th August, 2000 and the applicability of the Depositories Act, 1996, certain articles of the Articles of Association of the Company have to be amended. Therefore, the resolution is placed before the members of the Company.

It is also proposed to increase the sitting fee payable to the Directors for attending the meetings of the Board or Committees thereof.

The Board recommends that the resolution be passed accordingly.

The Directors may be considered interested in the above resolution, to the extent of sitting fee payable to them.

ITEM NO. 10

The Industrial Development Bank of India (IDBI), ICICI Bank Limited and ICICI Limited (ICICI) have sanctioned the following Term Loans to the Company :-

S.NO.	NAME OF THE INSTITUTION/ BANK	AMOUNT (Rs. in Lacs)
1.	Industrial Development Bank of India	1000.00
2.	ICICI Bank Limited	500.00
3.	ICICI Limited	300.00

to part finance the expansion project for doubling the existing capacity from 12000 TPA to 24000 TPA. The financial assistance from the IDBI, ICICI Bank Limited and ICICI

Limited is required to be secured by a first pari passu charge on all the immovable properties, both present and future.

Section 293(1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public Company shall not, without the consent of such public Company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking, of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the IDBI may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgages/charges.

Copies of the letters of sanction Nos.DA3(274)/279 dated 16th March, 2000, ICBK/CHD/99-2K/2733 dated 10th April, 2000 and ACE/239 dated 7th April, 2000 received from IDBI, ICICI Bank Limited and ICICI respectively and copies of the relevant documents/correspondence between the said Institutions/Bank and the Company are open for inspection at the Registered Office of the Company between 11: A.M. and 1:00 P.M. on any working day prior to the date of meeting.

None of the Directors of the Company is interested in the resolution.

Hence, the resolution as proposed, is recommended for your consideration and approval.

ITEM NO. 11

The Company has been availing working capital facilities from Union Bank of India (UBI), State Bank of India (SBI) and ICICI Bank Limited. The working capital limits of Rs. 1375 Lacs, Rs. 2000 Lacs and Rs. 1375 Lacs both fund based and non fund based from UBI, SBI and ICICI Bank Limited respectively are secured/to be secured by hypothecation of raw materials, semi-finished goods, finished goods and book debts. However, in terms of the agreements entered/to be entered into between the Company and the said Banks, the working capital facilities are to be further secured by way of second charge on the fixed assets of the Company.

As per provisions of Section 293(1) (a) of the Companies Act, 1956, the Board of Directors of the Company is required to be authorised by the members at the General Meeting for creating the charge/mortgage on immovable properties of the Company. Therefore, the members approval is being sought.

None of the Directors of the Company is interested or concerned in the proposed resolution.

ITEM NO. 12

The members of the Company at the Extraordinary General Meeting held on 22nd February, 1993 authorised the Board of Directors to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) upto Rs. 50 crores (Rupees fifty crores only).